

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. IPC-E-23-11
OF IDAHO POWER COMPANY FOR)
AUTHORITY TO INCREASE ITS RATES) NOTICE OF APPLICATION
AND CHARGES FOR ELECTRIC SERVICE)
IN THE STATE OF IDAHO AND FOR) NOTICE OF SUSPENSION OF
ASSOCIATED REGULATORY ACCOUNT) PROPOSED EFFECTIVE DATE
TREATMENT)
)
) NOTICE OF
) INTERVENTION DEADLINE
)
) ORDER NO. 35825

On June 1, 2023, Idaho Power Company (“Company” or “Idaho Power”) filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) requesting authority to increase its rates and charges for electric service to the Company’s customers in the State of Idaho, and for associated regulatory accounting treatment. The Company requests a July 1, 2023, effective date.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company requests an increase in annual Idaho revenue of \$111,304,981, to become effective January 1, 2024. Application at 1. The Company represents that this amount is net of a corresponding proposed Power Cost Adjustment (“PCA”) decrease of \$173.4 million, and a reduction to annual Energy Efficiency Rider collection of \$3.5 million. *Id.* at 2. The Company states that this request results in an overall increase to adjusted base revenue of 8.61%, and the request is based on a proposed overall rate of return of 7.702%, with a capital structure comprised of 51% equity and 49% debt, and a 10.40% rate of return on equity (“ROE”). *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that it is a public utility providing electric service to more than 600,000 customers in southern Idaho, and approximately 20,000 customers in eastern Oregon. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that the Company’s last general rates case in front of the Commission was nearly 12 years ago in Case No. IPC-E-11-08. *Id.*

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YOU ARE FURTHER NOTIFIED that the Company represents that since 2011, the number of Idaho Power customers has increased by about 23%. The Company asserts it has invested more than \$3 billion in the electric grid to ensure it is able to provide safe, reliable service to its customers. *Id.* Idaho Power also claims it has diligently managed its expenses and held its “operations and maintenance expenses to an average annual growth rate of one percent over the last decade.” *Id.* at 3.

YOU ARE FURTHER NOTIFIED that the Company represents that continued growth in demand for electricity, aging infrastructure, and higher compliance and reliability requirements are driving the need for the Company to invest large amounts of capital to expand and improve electricity supply, delivery, and reliability. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that the revenue from current rates allowed to the Company is no longer reasonable and adequate to maintain a stable financial condition, and for the Company to continue to render reliable and adequate electric service to its customers. *Id.*

YOU ARE FURTHER NOTIFIED that the Company proposes to increase the rates of each customer class by the respective overall percentage increases shown below.

General Rate Case Request <i>Cost of Service Percent change – Revenue Spread (Exhibit 48)</i>						
Revenue Change	Overall % Impact	Residential	Small General Service	Large General Service ¹	Large Power ²	Irrigation
\$111,304,981	8.61	12.25	12.91	0.93	6.61	12.91

¹ Includes lighting schedules; ² Includes special contracts

Id. at 5.

YOU ARE FURTHER NOTIFIED that the Company represents that for residential customers the annual revenue requirement for Schedules 1, 3, 5, and 6, is \$650,093,265, which is a 12.25% increase in overall collection. *Id.* The Company proposes an initial monthly Service Charge increase to \$15.00 from the existing \$5.00 for all residential Schedules, and the Company also seeks to modify the definitions of on-peak and off-peak to better align with the Company’s hours of highest risk in Schedule 5’s Time-of-Day offering. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that for on-site generation customers in Schedules 6 and 8, the annual revenue requirement is \$14,723,344 and \$55,219, respectively. *Id.* For Schedule 6 customers the Company proposes adding an option for customers to elect time-of-use (“TOU”) rates and to follow the Service Charge transition under the Company’s Residential Price Modernization Plan. *Id.* The Company states that for Schedule 8 customers the Company proposes increasing the monthly Service Charge from \$5.00 to \$20.00 per month to align with Schedule 7. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that the annual revenue for Schedule 7 and Schedule 8 customers is \$20,108,644, which represents a capped 12.91% increase in overall collection. *Id.* at 5-6. The Company proposes to increase the Schedule 7 monthly service charge to \$20.00, an increase of \$15.00. *Id.* at 6. The Company also proposes to “flatten” the inclining energy block tiers to move toward flat energy rates. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that for Secondary Service under Schedule 9 (“Schedule 9S”) the annual revenue requirement is \$272,747,096, which represents a 1.08% increase. *Id.* The Company states that for standard Schedule 9S service the Company is proposing to: (1) change the 0-20 kilowatt (“kW”) basic load capacity charge (“BLC”) and demand charge blocks to assess a single rate for all kW; and (2) move from declining block energy rates to flat energy rates for both the summer and non-summer seasons. *Id.* The Company also seeks to increase the monthly service charge to \$25.00, an increase of \$9.00. *Id.* The Company represents that for all non-service charge rate components the Company proposes rates that represent a 30% incremental movement toward the costs to serve that rate component. *Id.*

YOU ARE FURTHER NOTIFIED that the Company proposes a similarly structured, optional Schedule 9S TOU using seasonal time-differentiated energy rates, which include on-peak, mid-peak, and off-peak blocks for the summer and non-summer seasons instead of seasonal flat energy charges. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that for Schedule 9 customers the annual revenue to be recovered from customers taking primary or transmission-level service is \$43,279,265. *Id.* at 6-7. The Company proposes rates that represent a uniform 30% movement toward the costs to serve that rate component, and the Energy Charges are informed by

the marginal price of energy for each time-of-use period. *Id.* at 7. The Company also seeks to modify the definition of time-of-use periods. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that for Schedule 19 customers the annual revenue requirement is \$164,068,656, which represents a 6.61% increase in overall collection. from the class. *Id.* The Company proposes rates that represent a uniform 30% movement toward the costs to serve that rate component, and the Energy Charges are informed by the marginal price of energy for each time-of-use period. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that for Schedule 24 customers the annual revenue to be recovered is \$183,423,605, which represents a capped 12.91% increase in overall collection. *Id.* The Company proposes removing in-season load factor energy pricing and only charging a flat rate per kilowatt hour (“kWh”). *Id.* The Company proposes increasing both the in-season and out-of-season monthly service charges from \$22.00 and \$3.50, to \$30.00 and \$6.00 respectively, which constitutes an increase of \$8.00 for in-season and \$2.50 for out-of-season. *Id.* The Company also seeks to move the other non-service charge rate components closer to the cost of service with rates that represent a 30% incremental movement toward the costs to serve that rate component. *Id.*

YOU ARE FURTHER NOTIFIED that the Company requests that the Commission issue an order that specifically authorizes regulatory treatment and/or accounting for several related matters. *Id.* at 8.

YOU ARE FURTHER NOTIFIED that the Company proposes a revised Schedule 55 PCA reflecting the transfer of \$173.4 million base level net power supply expense (“NPSE”) from the PCA to base rates. *Id.*

YOU ARE FURTHER NOTIFIED that the Company requests authority to transfer approximately \$3.5 million in ongoing Rider-funded labor costs into base rates, while otherwise maintaining the same level of annual demand-side management (“DSM”) funding as measured in dollars that exists today. *Id.*

YOU ARE FURTHER NOTIFIED that the Company proposes revising Schedule 54, Fixed Cost Adjustment, to reflect the modifications necessary to support the Company’s proposed rate designs. *Id.*

YOU ARE FURTHER NOTIFIED that the Company requests that the Commission authorize continued deferral of incremental vegetation management and insurance costs in 2024, and beyond, as measured from a new base level of costs established in this case, until these costs stabilize. *Id.*

YOU ARE FURTHER NOTIFIED that the Company requests that the Commission authorize the Company to: (1) move to the Accumulated Deferred Investment Tax Credit/Revenue Sharing Mechanism an additional amount of Investment Tax Credits (“ITC”) equal to the incremental ITC generated from the Company’s investment in the 2023 battery storage projects; and (2) increase the maximum allowed annual accelerated amortization amount to a level of ITC equal to the actual revenue requirement of the battery storage projects in any applicable year plus the current \$25 million cap. *Id.* at 9.

YOU ARE FURTHER NOTIFIED that the Company requests that the Commission authorize the Company to defer and amortize annual differences between certain periodic maintenance costs at the Langley Gulch and Bennett Mountain natural gas-fired power plants. *Id.*

YOU ARE FURTHER NOTIFIED that the Company requests that the Commission specifically approve its proposed multi-year Residential Price Modernization Plan to move fixed cost collection from volumetric rates into fixed charges. *Id.*

YOU ARE FURTHER NOTIFIED that the Company requests that the Commission deem prudent all capital expenditures at the Jim Bridger Power Plant (“Bridger”) and the North Valmy Power Plant (“Valmy”) since the Company’s last prudence determination for each plant. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that Attachment 4 to the Application includes the accounting information related to the Company’s asset retirement obligations as directed by the Commission in Order No. 29414, issued in Case No. IPC-E-03-11. *Id.* at 10.

YOU ARE FURTHER NOTIFIED that the Company represents that the proposed changes reflected in Attachment Nos. 1 and 2 to the Application are based on tariffs in effect May 29, 2023. *Id.* at 17. The Company states that tariffs complying with the final order issued in this case will reflect numerous cases pending this year including Schedules 6, 8, and 84 (Case No. IPC-E-23-14, On-Site Generation); Schedule 20 (Case No. IPC-E-22-30, Speculative High-Density Loads); Schedule 26 (Case No. IPC-E-22-06, Micron Special Contract); Schedule 54 (Case No. IPC-E-23-

09, Fixed Cost Adjustment); Schedule 55 (Case No. IPC-E-23-12, Power Cost Adjustment); and Schedule 62 (Case No. IPC-E-21-40, Clean Energy Your Way). *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that it has not proposed tariff changes in this case related to new Schedule 33 (Brisbie), and Schedule 34 (Lamb Weston), which are pending before the Commission in Case Nos. IPC-E-21-42 and IPC-E-23-18, respectively. *Id.* The Company states that it will incorporate all other changes approved by the Commission after May 29, 2023, into the tariffs submitted in compliance with the Commission's final order in this case. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that the Application has been, and will be, brought to the attention of the Company's affected customers by means of a press release, by customer notices mailed to individual customers, and by means of personal contact with some customers. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represents that the affected current Electric Rate Schedules, Electric Service Regulations, together with the proposed Electric Rate Schedules, and Electric Service Regulations, will be kept open for public inspection at Idaho Power's offices in the state of Idaho. *Id.* at 18.

YOU ARE FURTHER NOTIFIED that the Application and supporting documentation have been filed with the Commission and are available for public inspection during regular business hours at the Commission's office. These documents are also available on the Commission's website at www.puc.idaho.gov. Click on the "ELECTRIC" icon, select "Open Cases," and click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that **the Commission has designated this case as a general rate case**. As such, the Company's intrastate revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair, and reasonable. IDAPA 31.01.01.124.01.

YOU ARE FURTHER NOTIFIED that all of the Company's retail rates and charges, both recurring and non-recurring, including those of special contract customers, are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may

approve, reject, or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair, and reasonable. IDAPA 31.01.01.124.02.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject, or modify existing or proposed relationships between and among rates and charges within, between, or among customer classes or rate groupings and may approve, reject, or modify existing or proposed relationships among and between customer classes or rate groupings. *Id.*

YOU ARE FURTHER NOTIFIED that the Commission may abolish, reduce, or create rate blocks or categories of rates and charges; abolish, create, or reduce components of rates and charges; abolish, reduce, or create customer classes or rate groupings; and abolish, reduce, or create absolute or relative differences among and between existing classes or rate groupings of customers. *Id.*

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, service, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue, and the Commission may address any of them in its order. *Id.*

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over the Company, its filing, and the issues pertaining to this case pursuant to Title 61 of the Idaho Code, and that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

SUSPENSION OF PROPOSED EFFECTIVE DATE

The Company filed its Application on June 1, 2023, proposing a July 1, 2023, effective date. The Commission finds that the Company's proposed effective date does not provide adequate time for Commission Staff, and interested persons, to evaluate the Company's proposal. Pursuant to *Idaho Code* § 61-622, the Commission suspends the proposed changes for thirty (30) days and five (5) months or until the Commission enters an order accepting, rejecting, or modifying the proposed rate increases.

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter to obtain parties' rights of participation must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 71-73, IDAPA 31.01.01.072-073. **Persons who wish to intervene as a party must file a Petition to Intervene no later than 21 days after the**

date of service of this Order. Persons desiring to present their views without parties' rights of participation do not have to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the Commission Secretary shall issue a Notice of Parties after the deadline for intervention has passed. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that once the Notice of Parties is issued, Commission Staff ("Staff") will informally confer with the parties to discuss a schedule to process this case and other issues as may be raised by the parties.

YOU ARE FURTHER NOTIFIED that the following persons are designated as the Company's representatives in this matter:

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ORDER

IT IS HEREBY ORDERED that the Company's proposed effective date of July 1, 2023, for its rate increases is suspended for thirty (30) days plus five (5) months or until the Commission enters an earlier order accepting, rejecting, or modifying the proposed rate increases.

IT IS FURTHER ORDERED that persons desiring to intervene in this case for the purpose of obtaining parties' rights of participation must file a Petition to Intervene with the Commission, under Rules 71-73, IDAPA 31.01.01.071-073, no later than 21 days after the service date of this Order.

IT IS FURTHER ORDERED that, after the Secretary issues a Notice of Parties, Staff will informally confer with the parties to discuss the appropriate scheduling of this case.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be

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deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 23rd day of June 2023.



ERIC ANDERSON, PRESIDENT

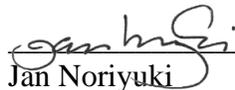


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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